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Executive Board of the United Nations Development Programme and of the United Nations Population Fund

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Organizational matters

Decisions adopted by the Executive Board at the first regular session 2005 (20 – 28 January)

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2005/1
Revision of UNDP financial regulations

The Executive Board

1. *Takes note* of documents DP/2005/3 and DP/2005/4;

2. *Approves* the proposed revised financial regulations contained therein, with the following exceptions:

(a) Changes to regulations 07 (c) (Commitment of resources against future receipt of contributions);5.07 (b) and 5.

(b) Changes to regulation 20.02 (Exceptions to separation of duties);

3. *Decides* to defer the consideration of proposed changes in paragraph 2 (a) and (b) above to the annual session of the Executive Board in June 2005, pending the review of information requested in paragraph 4 below;

4. *Requests* the Administrator to establish risk guidelines with respect to the proposed changes in paragraph 2 (a) and (b) above, as well as an independent expert assessment of these changes; and

5. *Further requests* the Administrator to keep the financial regulations under active review and to consult accordingly with the Executive Board.

28 January 2005

2005/2
UNDP global programme, 2005-2007

The Executive Board

1. *Having considered* the UNDP global programme 2005-2007 (DP/GP/1);

2. *Decides* to extend the second global cooperation framework (DP/GCF/2 and DP/GCF/2/EXTENSION I) for a further year, until end December 2005;

3. *Requests* the Administrator to take all necessary measures to ensure that the extension of the second global cooperation framework would not have an adverse impact on programme countries;

4. *Also requests* the Administrator to submit to the Executive Board a revised third global programme together with a work plan, in full consultation with Member States, at its annual session of the Executive Board in June 2005 taking into account the Multi-Year Funding Framework 2004-2007 (DP2003/32) and the provision of the TCPR (A/RES/59/250) on, inter alia, national ownership and leadership of the development process; and

5. *Decides* to include in the agenda of the annual session of the Executive Board in June 2005 an item on the global programme.

28 January 2005

2005/3
Report on the assessment mission to Myanmar

The Executive Board

1. *Takes note* of the report on the assessment mission to Myanmar (DP/2005/6) and of the report submitted by the independent assessment mission to Myanmar, in particular the key challenges and recommendations mentioned therein;

2. *Notes* that the Human Development Initiative is highly relevant to improving the situation of the rural poor in Myanmar, and *requests* the Administrator to take account of and implement the findings of the independent assessment mission; and

3. *Requests* UNDP, in expanding the programme, to ensure that quality is maintained, taking into account the findings of the evaluation that took place in 2004.

28 January 2005

2005/4
UNDP corporate gender strategy and action plan

The Executive Board

1. *Recalls* its decisions 2004/21 and 2004/38;

2. *Takes note of* the report contained in document DP/2005/7 and *defers* further consideration of the report to the annual session 2005 of the Executive Board.

28 January 2005

2005/5
Options for a future business model for the United Nations Capital Development Fund

The Executive Board

1. *Takes note* with appreciation of the report on options for a future business model for the United Nations Capital Development Fund (UNCDF) (DP/2005/8), presented in line with Executive Board decision 2004/37;

2. *Recalls* that UNCDF is mandated by the United Nations General Assembly to provide capital assistance, first and foremost to the least developed countries;

3. *Notes* that UNCDF has efficiently and effectively addressed the specific needs of least-developed countries through its local governance and microfinance programmes, thereby playing a clear role in achieving the Millennium Development Goals (MDGs) * at the local level;

*Internationally agreed development goals, including those contained in the Millennium Declaration.

4. *Notes* that UNCDF has harmonized and integrated its operations with those of the United National Development Programme (UNDP) in terms of, among other things, country programming, joint programmes, country, regional and headquarters presence, common shared support services and principles of cost recovery policies, thereby significantly reducing the administrative and procedural burden on the organization and its national partners;

5. *Decides* to maintain UNCDF as an independent organization focused on reducing poverty and achieving the MDGs in the least developed countries;

6. *Requests* the Administrator, on the basis of option 3, sub-option 4 of document DP/2005/8 to provide a detailed implementation plan for this option, including budgetary, legal and programming arrangements, for decision at the 2005 annual session of the Executive Board;

7. *Notes* that the above option would further enhance the efficiency and effectiveness of UNCDF;

8. *Requests* the Administrator to appoint, as soon as possible, a new Executive Secretary for UNCDF;

9. *Stresses* that regular resources, because of their untied nature, will continue to be the foundation of UNCDF programme activities and that the effectiveness of UNCDF hinges on its access to predictable and sustained multi-year funding to finance its programmes in local development and microfinance;

10. *Calls upon* UNDP to assist UNCDF in mobilizing the resources necessary to sustain its current local governance and microfinance activities; and

11. *Calls upon* donor countries and other countries in a position to do so to provide and sustain additional funding support to UNCDF programmes and activities in the least developed countries.

28 January 2005

2005/6
Progress report of the Executive Director of the United Nations Office for Project Services

The Executive Board

1. *Takes note* of the progress report of the Executive Director (DP/2005/9) and of the report of the MCC on the assessment of progress in UNOPS (DP/2005/10);

2. *Welcomes* the significant level of business acquisition in 2004, demonstrating demand for UNOPS services;

3. *Approves* the budget estimates, within which it is indicated that (a) 2005 expenditures will be covered by revenues earned during 2005, and (b) the change management programme remains a priority and will be adjusted according to the availability of funds;

4. *Notes* the concerns expressed by the Management Coordination Committee (MCC) with regard to the attainment of 2005 targets and requests the Executive

Director to provide periodic updates to the Executive Board on UNOPS financial situation during the course of 2005;

5. *Notes* diversity of clients and the trend towards building service provision in emergency and post-conflict situations, and *also* the further progress in defining the corporate strategy and *welcomes* in particular its service provision in transition situations, as well as in development and poverty-reduction environments;

6. Requests the Executive Director to continue to improve the financial management and control systems of UNOPS and the required reporting;

7. Urges UNOPS to remain committed to its audit response and achieve a clean audit for the biennium 2004-2005; and

8. *Requests* the Executive Director to prepare for the September 2005 session of the Executive Board, based on consultations with the MCC, a comprehensive plan of action on further measures to be implemented in 2006 to enhance the efficiency of business operations, ensure cost reductions, continue a change management process, and achieve sustainable financial viability.

28 January 2005

2005/7
Third cooperation framework for South-South cooperation

The Executive Board

1. *Takes note* of the third cooperation framework for South-South cooperation (DP/CF/SSC/3/Rev.1);

2. *Endorses* the proposed framework; and

3. *Requests* the Administrator to include in its report to the High-Level Committee on South-South Cooperation in May 2005 (SSC/14/2) a detailed strategy for the implementation of the framework, including mobilization of resources, and inform the Executive Board thereon;

4. *Also requests* the Administrator to hold periodic consultations with Member States; and

5. *Further requests* the Administrator to report to the Executive Board at its annual session 2006 on progress achieved in implementing the third cooperation framework for South-South cooperation.

28 January 2005

2005/8
Implementation of the recommendations of the Board of Auditors

The Executive Board

1. *Takes note of* the reports of UNDP (DP/2005/11) and the update on that report (DP/2005/CRP.3); of UNFPA (DP/FPA/2005/1) and of the United Nations Office for Project Services (DP/2005/12) on the implementation of the recommendations of the Board of Auditors for the biennium 2002-2003;

2. *Stresses* the importance of adequate follow-up to the recommendations by the United Nations Board of Auditors, in particular in improving internal management control; and

3. *Requests* that future reports on the implementation of the recommendations of the Board of Auditors include an indication of priority of the recommendations and an expected time frame for their implementation.

28 January 2005

2005/9
Reports of the Administrator and of the UNFPA Executive Director to the Economic and Social Council

The Executive Board

1. *Takes note of* the reports of the Administrator and of the UNFPA Executive Director to the Economic and Social Council (E/2005/4-DP/2005/13 and E/2005/5-DP/FPA/2005/2);

2. *Decides* to transmit them to the Economic and Social Council with the comments and guidance provided by delegations at the present session;

3. *Requests* UNDP and UNFPA to maintain a sharp focus with respect to following up on the Triennial Comprehensive Policy Review of the General Assembly as contained in its resolution 59/250; and

4. *Encourages* UNDP and UNFPA to participate actively in the preparatory process leading to the review scheduled for September 2005, of progress made towards achieving the objectives and targets laid out in the Millennium Declaration and the Millennium Development Goals*.

28 January 2005

*Internationally agreed development goals, including those contained in the Millennium Declaration.

2005/10
Report on joint programming

The Executive Board

1. *Takes note* of the report of the Administrator of UNDP and the Executive Director of UNFPA (DP/2004/30-DP/FPA/2004/8);

2. *Recalls* General Assembly resolution 59/250 of 22 December 2004, on the triennial comprehensive policy review of operational activities for development of the United Nations system, which contains the policy framework set by the General Assembly to continue strengthening the joint programming process;

3. *Reiterates* the need to maintain the institutional integrity and organizational mandate of each United Nations agency during the process of joint programming;

4. *Welcomes* the efforts aimed at improving the coherence of the United Nations at the field level and programming efficiency, the avoidance of duplication and the reduction of transaction costs for programme countries, and thus to contribute to better overall results; and *encourages* the Administrator and the UNFPA Executive Director, respectively, to continue to work with governments and other partners towards that end;

5. *Emphasizes* the importance that the Executive Board attaches to the use of joint programming as a tool for supporting the implementation of national development plans, including poverty reduction strategies where they exist, through a more concerted approach under the common country assessment and United Nations Development Assistance Framework, towards achieving the internationally agreed development goals, including those contained in the Millennium Declaration;

6. *Requests*, therefore, that the Administrator and the UNFPA Executive Director, in managing their respective organizations' cooperation with other agencies, ensure that the implemention of joint programming, including joint programmes where appropriate, results in improved development impact, including, where appropriate, to:

(a) Further harmonize country programme preparation, implementation, monitoring and evaluation processes, and improve communication between United Nations agencies during the whole programme cycle;

(b) Effectively deliver programme goals and contribute to the reduction of transaction costs; and

(c) Promote common monitoring and reporting processes to governing bodies and joint approaches to evaluations;

7. *Takes note* of the respective efforts of UNDP and UNFPA in contributing to the continued development by the United Nations Development Group (UNDG) of a common framework, to include a common reporting framework for joint programmes, aimed at improving the impact and efficiency of United Nations system efforts, in partnership with and to support national governments, including efforts to identify circumstances under which joint programmes might be a useful tool, and what improvements in development impact would be achieved through the use of joint programmes;

8. *Emphasizes* the respective mandates of UNDP and UNFPA and their budgetary, financial reporting and evaluation responsibilities, including with respect to joint programmes;

9. *Requests* the Administrator and the UNFPA Executive Director to report on joint programming and joint programmes in the annual reports of UNDP and UNFPA, respectively, to the Executive Board at the annual session 2005, and

10. *Requests* the Administrator and UNFPA Executive Director to submit to the Board, for its consideration at its annual session 2006, a comprehensive report on the implementation of joint programming, as outlined in this decision, and on the UNDG joint programming guidelines, including information on experiences and an analysis of resources allocated to the three options of fund management for joint programmes, and the resulting benefit in development impact or efficiency gains.

28 January 2005

2005/11
Revision of UNFPA financial regulations

The Executive Board

1. *Takes note* of documents DP/FPA/2005/3 and DP/FPA/2005/4;

2. *Approves* the revisions to the financial regulations contained therein, with the following amendment:

Regulation 14.2 (separation of duties):

Delete the phrase: "Unless otherwise expressly authorized by the Executive Director, ".

Add the following subparagraph: "(c) in any case, at least two signatories are required to authorize the expenditure of funds".

3. Regarding the financing of donor agreements (regulation 2.2 F (i)), requests the Executive Director to establish guidelines containing elements such as standards for identifying and assessing risk factors, requirements for mitigating risk as a condition for approval, and limitations on the actual disbursement of cash prior to the receipt of contributions; and

4. *Requests* the UNFPA Executive Director to keep the financial regulations under active review and to consult accordingly with the Executive Board.

28 January 2005

2005/12
Recovery of indirect costs for co-financing

The Executive Board

1. *Takes note* of documents DP/FPA/2005/4 and DP/FPA/2005/5;

2. *Further takes note of* the harmonized cost-recovery principles contained in document DP/FPA/2005/5, recognizing that the adoption of these principles by United Nations organizations constitutes a step towards increased transparency and comparability of cost recovery throughout the United Nations system;

3. *Encourages* UNFPA to intensify consultations for further harmonization of cost-recovery principles within the United Nations Development Group, with the objective of clearly identifying common elements under each cost category and justifying differences resulting from different mandates and operating modalities;

4. *Endorses*, on an interim basis, the UNFPA-specific implementation of these harmonized principles and their application in the recovery policy for indirect costs, consisting of a rate of 5 per cent on nationally executed cost-sharing expenditures financed by programme countries and 7 per cent on all other co-financed expenditures; *confirms* the current rate of 5 per cent for third-party procurement expenditures; and *also confirms* the limits of indirect cost recovery by non-governmental organizations and United Nations agencies, as authorized by the Executive Board in decision 2000/6;

5. *Stresses* that UNFPA must ensure full recovery, at an aggregate level, of all actual costs for implementing activities financed from UNFPA other (non-core) resources;

6. *Requests* the Executive Director to prepare a detailed report, to be presented to the Executive Board at the annual session 2007, that reviews the indirect cost-recovery policy on the basis of the actual data from the Atlas system, proposing amendments, as necessary, based on whether the goal of no cross subsidization is attained and whether there are categories of co-financing activities that have significantly higher or lower indirect costs compared to the rates applied;

7. *Encourages* UNFPA to continue to monitor the level of costs recovered from other (non-core) resources;

8. *Further encourages* UNFPA to continue to refine its strategic cost-management system, including through the implementation of the Atlas system, in order to better attribute indirect costs to programmes and projects; and

9. *Reiterates* that regular resources must remain the bedrock of contributions to UNFPA.

28 January 2005

2005/13
Review of the system for the allocation of UNFPA resources to country programmes

The Executive Board

1. *Takes note* of the report of the Executive Director on the quinquennial review of the UNFPA system for the allocation of resources to country programmes (DP/FPA/2005/6);

2. *Reaffirms* the basic principles of the resource allocation system as contained in the report of the Executive Director (DP/FPA/2005/6);

3. *Approves* the approach, effective January 2005, for resource allocation contained therein, including the mainstreaming of the countries with economies in transition, synchronizing the resource allocation system cycle with the multi-year

funding framework cycle, and amending the indicators and their threshold levels towards meeting the goals of the ICPD, ICPD+5 targets and the internationally agreed development goals, including those contained in the Millennium Declaration;

4. *Endorses* the procedure for categorizing countries into Groups A, B and C, as outlined in the present report;

5. *Approves* the relative share of resources presented in table 4 of the present report (DP/FPA/2005/6);

6. *Recognizes* the efforts of UNFPA to further increase the share of resources to group A countries and *encourages* the Executive Director to pursue ways and means to further increase resources to this group;

7. *Requests* the Executive Director to indicate in the annual reports the share of regular resources to group A countries as well as to state the share of regular resources allocated to the least developed countries and low-income countries;

8. *Recommends* that the distribution of resources to individual countries, and particularly to those changing category, be made in a flexible manner, taking into account the need to ensure that the gains already made are not compromised; and

9. *Requests* the Executive Director to undertake, as needed, in close consultation with all countries concerned, a further review of the system for resource allocation in late 2007, in the context of any forthcoming integration of planning, funding and budget tools.

28 January 2005

2005/14
Overview of decisions adopted by the Executive Board at its first regular session 2005

The Executive Board

Recalls that during the first regular session 2005, it:

Item 1

Elected the following members of the Bureau for 2005:

President: H.E. Ms. Carmen María Gallardo Hernández (El Salvador)

Vice-President: Mr. Andriy Nikitov (Ukraine)

Vice-President: Ms. Ulrika Cronenberg-Mossberg (Sweden)

Vice-President: Mr. Tesfa Alem Seyoum (Eritrea)

Vice-President: Mr. Arjun Bahadur Thapa (Nepal)

Approved the agenda and work plan for its first regular session 2005 (DP/2005/L.1 and Corr.1);

Approved the report of the second regular session 2004 (DP/2005/1);

Approved the annual work plan 2005 (DP/2005/CRP.1);

Approved the tentative work plan for the annual session 2005;

Agreed to the following schedule of forthcoming sessions of the Executive Board in 2005:

Annual session 2005: 13-24 June 2005

Second regular session 2005: 6-9 September 2005

UNDP segment

Item 2
Financial, budgetary and administrative matters

Adopted decision 2005/1 of 28 January 2005 on the revision of UNDP financial regulations;

Took note of document DP/2005/CRP.4 on reporting of UNDP income from cost recovery;

Item 3
Country programmes and related matters

Adopted decision 2005/2 of 28 January 2005 on the UNDP global programme, 2005-2007;

Adopted decision 2005/3 of 28 January 2005 on the report of the assessment mission to Myanmar;

Reviewed the draft subregional programme document for the countries of the Organization of Eastern Caribbean States and Barbados;

Approved the following country programme documents:

Africa: Angola, Burundi, Lesotho, Madagascar, Mauritius;

Asia and the Pacific region: the Democratic People's Republic of Korea, Islamic Republic of Iran, the Philippines, the Republic of Korea;

Europe and the Commonwealth of Independent States: Armenia, Azerbaijan, Bosnia and Herzegovina, Kazakhstan, Kyrgyzstan, the former Yugoslav Republic of Macedonia, Romania, Serbia and Montenegro, Tajikistan, Turkmenistan, Uzbekistan;

Latin America and the Caribbean: Argentina, Guatemala.

Item 4
Gender in UNDP

Adopted decision 2005/4 of 28 January 2005 on the UNDP corporate gender strategy and action plan;

Took note of document DP/2005/CRP.2 on the update on the progress achieved in the partnership between UNDP and UNIFEM;

Item 5
United Nations Capital Development Fund

Adopted decision 2005/5 of 28 January 2005 on the options for a future business model for UNCDF;

Item 6
United Nations Office for Project Services

Adopted decision 2005/6 of 28 January 2005 on the progress report of the Executive Director of UNOPS;

Item 7
South-South cooperation

Adopted decision 2005/7 of 28 January 2005 on the third cooperation framework for South-South cooperation;

Joint UNDP/UNFPA segment

Item 8
Recommendations of the Board of Auditors

Adopted decision 2005/8 of 28 January 2005 on the implementation of the recommendations of the Board of Auditors for the biennium 2002-2003;

Item 9
Reports to the Economic and Social Council

Adopted decision 2005/9 of 28 January 2005 on the reports of the Administrator and the UNFPA Executive Director to the Economic and Social Council;

Item 10
Programming process

Adopted decision 2005/10 of 28 January 2005 on joint programming;

UNFPA segment

Item 11
Financial, budgetary and administrative matters

Adopted decision 2005/11 of 28 January 2005 on the revision of UNFPA financial regulations;

Adopted decision 2005/12 of 28 January 2005 on the recovery of indirect costs for co-financing;

Item 12
Resource allocation system

Adopted decision 2005/13 of 28 January 2005 on the UNFPA resource allocation system;

Item 13
Country programmes and related matters

Approved the following country programmes:

Africa: Angola, Burundi, Madagascar;

Asia and the Pacific: Islamic Republic of Iran, the Philippines;

Arab States and Europe: Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Romania, Tajikistan, Turkmenistan, Uzbekistan;

Latin America and the Caribbean: Guatemala.

Item 14
Other matters

Held the following informal briefings and consultations:

UNDP

Informal consultation on the UNDP global programme;

Informal briefing on the report of the Management Coordination Committee on the assessment of progress in UNOPS;

UNFPA

Informal briefing on reproductive health commodity security;

UNDP and UNFPA

Briefing on the tsunami disaster of 26 December 2004;

Joint meeting

Held a joint meeting of the Executive Boards of UNDP/UNFPA, UNICEF and WFP on 20 and 24 January 2005, which addressed the following topics: (a) HIV/AIDS: orphans and women; (b) gender; (c) simplification and harmonization; and (d) transition.

TENTATIVE WORK PLAN
EXECUTIVE BOARD OF UNDP/UNFPA
ANNUAL SESSION 2005
(13 - 24 June 2005, New York)

Day/date	Time	Item	Subject
Monday, 13 June	10:00 am - 1:00 pm	1	ORGANIZATIONAL MATTERS - Adoption of the agenda and work plan for the session - Adoption of the report on the first regular session 2005
			UNDP SEGMENT
		2	MULTI-YEAR FUNDING FRAMEWORK - Midterm report on the multi-year funding framework - Reports of the Joint Inspection Unit - Statistical annex
	3:00 - 6:00 pm	3	FUNDING COMMITMENTS TO UNDP - Status of regular funding commitments to UNDP
Tuesday, 14 June	10:00 am - 1:00 pm	4	PROGRAMMING ARRANGEMENTS - Midterm review of successor programming arrangements
	3:00 - 5:00 pm		UNDP presentation on the findings of survey on MDGs at the country level
	5:00 - 6:00 pm		Informal consultations
Wednesday, 15 June	10:00 am - 1:00 pm	5	HUMAN DEVELOPMENT REPORT
		10	GENDER IN UNDP – Human resources issues (decision 2004/22)
	3:00 – 6:00 pm	7	UNITED NATIONS CAPITAL DEVELOPMENT FUND - Results-oriented annual report
Thursday, 16 June	10:00 am – 1:00 pm	8	UNITED NATIONS OFFICE FOR PROJECT SERVICES - Annual report of the Executive Director
	3:00 – 6:00 pm	9	UNITED NATIONS DEVELOPMENT FUND FOR WOMEN - Midterm report on the multi-year funding framework
Friday, 17 June	10:00 am -1:00 pm	11	EVALUATION - Annual report of the Administrator on evaluation
		12	FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS – UNDP strategic cost management and implications for cost recovery (decision 2004/30)
	3:00 – 6:00 pm		Special event on Post-conflict Peace-building: Role of UNDP (El Salvador experience)
Monday, 20 June	10:00 to 12:00 pm	6	COUNTRY PROGRAMMES AND RELATED MATTERS - UNDP global programme - Draft regional programme document for Europe and the Commonwealth of Independent States, 2006-2010 - Draft country programme documents - Extensions of country cooperation frameworks
	12:00 – 1:00 pm		Informal consultations
	3:00 – 6:00 pm		**JOINT UNDP/UNFPA SEGMENT**
		13	INTERNAL AUDIT AND OVERSIGHT - Reports of UNDP, UNFPA and UNOPS on internal audit and oversight
		14	PROGRAMMING PROCESS - Report on progress in implementing decision 2001/11: Addressing the issue of the timeframe for developing country programme documents
		15	FIELD VISITS

Tuesday, 21 June	10:00 am -1:00 pm		**UNFPA SEGMENT**
		16	ANNUAL REPORT OF THE EXECUTIVE DIRECTOR FOR 2004 - Report of the Executive Director for 2004: Progress in implementing the multi-year funding framework, 2004-2007 - Statistical overview - Reports of the Joint Inspection Unit
	3:00 - 6:00 pm	17	FUNDING COMMITMENTS TO UNFPA - Report on funding commitments to UNFPA
Wednesday, 22 June	10:00 am -1:00 pm	18	COUNTRY PROGRAMMES AND RELATED MATTERS - Draft country programme documents - Note on assistance to Myanmar
		19	OTHER MATTERS - Adoption of pending decisions
		1	ORGANIZATIONAL MATTERS - Working methods of the Board - Adoption of the work plan for the second regular session 2005